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Financial Report

*Thirty-Fourth Judicial District
Indigent Defender Board*

December 31, 2000

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-29-01

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Thirty-Fourth Judicial District Indigent Defender Board

December 31, 2000

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Indigent Defender Board of the
Thirty-Fourth Judicial District,
Chalmette, Louisiana.

We have audited the accompanying general purpose financial statements that do not include a statement of revenues, expenditures, and changes in fund balance – budget and actual, for the general fund of the Thirty-Fourth Judicial District Indigent Defender Board (the Board), State of Louisiana, as of and for the year ended December 31, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Board did not adopt a legally required budget and therefore did not present a statement of revenues, expenditures, and changes in fund balance – budget and actual, for the general fund for the year ended December 31, 2000. Presentation of such statement for the general fund for which a budget should have been legally adopted is required by accounting principles generally accepted in the United States of America.

In our opinion, except for the omission of the statement of revenues, expenditures, and changes in fund balance – budget and actual that results in an incomplete presentation, as explained in the preceding paragraph, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Thirty-Fourth Judicial District Indigent Defender Board as of December 31, 2000, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated May 23, 2001 on our consideration of the Thirty-Fourth Judicial District Indigent Defender Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, La.,
May 23, 2001.

COMBINED BALANCE SHEET -
GENERAL FUND AND ACCOUNT GROUP

Thirty-Fourth Judicial District
Indigent Defender Board

December 31, 2000

	<u>Governmental Fund Type General Fund</u>	<u>Account Group General Fixed Assets</u>	<u>Total (Memorandum Only)</u>
Assets			
Cash	\$ 7,095		\$ 7,095
Due from other governmental units	81,597		81,597
Fixed assets		\$ 10,140	10,140
Total assets	<u>\$ 88,692</u>	<u>\$ 10,140</u>	<u>\$ 98,832</u>
Fund Equity and Other Credits			
Investment in general fixed assets		\$ 10,140	\$ 10,140
Fund balances - unreserved	<u>\$ 88,692</u>		<u>88,692</u>
Total fund equity and other credits	<u>\$ 88,692</u>	<u>\$ 10,140</u>	<u>\$ 98,832</u>

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GENERAL FUND**

**Thirty-Fourth Judicial District
Indigent Defender Board**

For the year ended December 31, 2000

Revenues

Service fees:

St. Bernard Parish Sheriff	\$ 150,766
Office of the District Attorney of the Thirty-Fourth Judicial District	10,634

Grant fees:

Louisiana Indigent Defender Board	53,385
Use of money and property - interest earnings	<u>421</u>

Total revenues	<u>215,206</u>
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Expenditures

General Government:

Supplies and materials	5,908
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Other services and charges:

Contractual services	260,139
Professional services	3,500
Seminars	<u>1,155</u>

Total expenditures	<u>270,702</u>
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Excess of Expenditures Over Revenues	(55,496)
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Fund Balance

Beginning of year	<u>144,188</u>
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End of year	<u><u>\$ 88,692</u></u>
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See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Thirty-Fourth Judicial District
Indigent Defender Board**

December 31, 2000

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Thirty-Fourth Judicial District Indigent Defender Board, established in compliance with Louisiana Revised Statutes 15:144-149, provides counsel to represent indigents (needy individuals) in criminal and quasi-criminal cases at the district court level. The judicial district encompasses St. Bernard Parish, Louisiana. The Board is composed of three members who are appointed by the district court. Revenues to finance the Board's operations are provided primarily from grants from the State of Louisiana Judicial Branch and court costs on fines imposed by the various courts within the district.

The accounting policies of the Thirty-Fourth Judicial District Indigent Defender Board (the Board) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

For financial reporting purposes, the Board is a part of the district court system of the State of Louisiana. However, the state statutes that create the Boards also give each of the Boards control over all their operations. This includes the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. The Board is financially independent and operates autonomously from the State of Louisiana and independently from the district court system. Therefore, the Board reports as an independent reporting entity, and the general purpose financial statements include only the transactions of the Thirty-Fourth Judicial District Indigent Defender Board.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Fund Accounting

The Board uses a fund to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in funds because they do not directly affect net expendable available financial resources.

Governmental Funds

Governmental Funds are those through which most governmental functions of the Board are financed. The acquisition, use, and balances of the Board's expendable financial resources and the related liabilities are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is the Governmental Fund of the District:

General Fund

The General Fund is the general operating fund of the Board. It is used to account for all financial resources and expenditures of the Board except those that are required to be accounted for in another fund.

Account Group

An account group is used to establish accounting control and accountability. The Board's account group is as follows:

General Fixed Assets Account Group

This account group is used to account for all general fixed assets of the Board.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Governmental Fund is accounted for using the modified accrual basis of accounting. Its revenues are recognized when they become measurable and available as net current assets. Court costs on fines and forfeitures imposed by the Board and city courts and Act 834 bond premium fees are recorded in the year they are collected by the tax collectors. Interest income on investments is recorded as revenue when the investments have matured and the income is available. Miscellaneous revenues are recorded as revenues when received in cash by the Board because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

d) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e) Operating Budgetary Data

The Board did not adopt a legally required budget for the general fund for the year ended December 31, 2000. Therefore, the accompanying general purpose financial statements do not include a statement of revenues, expenditures, and changes in fund balance-budget and actual, for the general fund.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Accounts Receivable

The general purpose financial statements for the Board contain no allowance for bad debts. Uncollectible amounts due for receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations for the fund.

g) Fixed Assets

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. The Account Group is not a fund. It is concerned only with the measurement of financial position.

It is not involved with the measurement of results of operations. No depreciation has been provided on general fixed assets.

h) Vacation and Sick Leave

The Board has no employees.

i) Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in the fund general ledgers, is not utilized by the Board.

j) Memorandum Only – Total Column

The total column on the general purpose statements - overview is captioned memorandum only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 2 - DEPOSITS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana or any other federally insured investment.

State law requires deposits (cash) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision. In accordance with state law all cash was collateralized at December 31, 2000.

Deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the Board or its agent in the Board's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the Board's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution or its trust department or agent but not in the Board's name and deposits which are uninsured or uncollateralized.

The year end bank balances of deposits and the carrying amount as shown on the combined balance sheet are as follows:

	Bank Balances			
	Category			Book
	1	2	3	Balance
Cash	<u>\$22,652</u>	<u>\$-</u>	<u>\$-</u>	<u>\$7,095</u>

At December 31, 2000, cash did not exceed FDIC insurance coverage.

Note 3 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 2000 consisted of the following:

St. Bernard Parish Sheriff	\$13,565
Office of the District Attorney of the Thirty-Fourth Judicial District	<u>68,032</u>
Total	<u>\$81,597</u>

The amount due from the St. Bernard Parish Sheriff is for court costs on fines, forfeitures of surety bonds in criminal proceedings and bond fees. The amount due from the Office of the District Attorney of the Thirty-Fourth District is for bond premium fees and bond forfeitures.

Note 4 - FIXED ASSETS

A summary of fixed assets follows:

	Balance January 1, 2000	Adjustments	Balance December 31, 2000
Equipment	\$ 8,262	\$ -	\$ 8,262
Furniture and fixtures	<u>1,891</u>	<u>(13)</u>	<u>1,878</u>
Totals	<u>\$10,153</u>	<u>\$(13)</u>	<u>\$10,140</u>

Note 5 - RISK MANAGEMENT

The Board is self insured for what management believes to be minimal risks to loss related to torts; theft or, damage to and destruction of assets; errors and omissions; and natural disasters. No claims were made during the year.

Note 6 - EXPENDITURES NOT INCLUDED IN ACCOMPANYING FINANCIAL STATEMENTS

The accompanying general purpose financial statements do not include certain expenditures of the Board which are paid out of the funds of the St. Bernard Parish Government. These expenditures include the telephone and utilities of the Board. The Parish Government also provides office space to the Board.

Note 7 - BOARD MEMBERS COMPENSATION

Members of the Board served without compensation for the year ended December 31, 2000.

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF THE GENERAL PURPOSE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Indigent Defender Board of the
Thirty-Fourth Judicial District,
Chalmette, Louisiana.

We have audited the general purpose financial statements of the Thirty-Fourth Judicial District Indigent Defender Board (the Board), as of and for the year ended December 31, 2000, and have issued our report thereon, dated May 23, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Board's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings as item 00-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable

conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Board's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of findings as item 00-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

This report is intended solely for the information of the Thirty-Fourth Judicial District Indigent Defender Board, the State of Louisiana, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, La.,
May 23, 2001.

SCHEDULE OF FINDINGS

Thirty-Fourth Judicial District Indigent Defender Board

For the year ended December 31, 2000

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Reportable condition(s) identified that are not considered to be material weakness ☒ yes ☐ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

b) Federal Awards

The Thirty-Fourth Judicial District Indigent Defender Board did not receive federal awards during the year ended December 31, 2000.

Section II - Financial Statement Findings

Compliance

00-1 Criteria - Louisiana Revised Statutes 39:1301-1314 require the preparation and adoption of a budget presenting a complete financial plan for the general fund.

Condition - The Board did not adopt the legally required budget for the general fund for the year ended December 31, 2000.

Questioned Costs - None.

Context - Not applicable.

Effect - The Board was noncompliant with state laws concerning budgeting.

Section II - Financial Statement Findings (Continued)

Compliance (Continued)

00-1 (Continued)

Cause - The Board made an oversight of state laws affecting budgeting for local government entities. The Board was not aware of the recent change in the statutes until receipt of the Office of the Legislative Auditor's letter dated August 6, 2001 notifying our auditor that the Board fell within the laws affecting budgeting.

Recommendation - The Board should comply with the requirements of the Local Budget Act.

Views of responsible officials of the auditee when there is disagreement with the finding, to the extent practical - None.

Internal Control

00-2 Criteria - Internal controls should be in place that provides reasonable assurance that all transactions are being recognized.

Condition - Only one member of the Board performs the majority of the accounting functions of the Board's office.

Questioned Costs - None.

Context - Not applicable.

Effect - The Board's office has a lack of segregation of duties over financial reporting which may result in errors and irregularities not being detected in a timely manner.

Cause - A limited number of qualified Board members to assist in the accounting function.

Recommendation - We recommend the Board consider having other personnel involved in the accounting function, although to employ such controls may not be cost beneficial.

Views of responsible officials of the auditee when there is disagreement with the finding, to the extent practical - None.

(Continued)

Section III - Federal Award Findings and Questioned Cost

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Thirty-Fourth Judicial District Indigent Defender Board

For the year ended December 31, 2000

Section I - Internal Control and Compliance Material to the General Purpose Financial Statements

Compliance

No compliance findings material to the general purpose financial statements were noted during the year ended December 31, 1999.

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 1999.

99-1 Recommendation - We recommend the Board consider having other personnel involved in the accounting function, although to employ such controls may not be cost beneficial.

Management's Response - The Board has neither the qualified personnel nor the funds to hire additional personnel to assist in the accounting functions. Unresolved, see finding 00-2.

Section II - Internal Control and Compliance Material To Federal Awards

The Thirty-Fourth Judicial District Indigent Defender Board did not receive federal awards during the year ended December 31, 1999.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 1999.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Thirty-Fourth Judicial District Indigent Defender Board

For the year ended December 31, 2000

Section I - Internal Control and Compliance Material to the General Purpose Financial Statements

Compliance

00-1 Recommendation - The Board should comply with the requirements of the Local Budget Act.

Management's Response – Having been advised that the Board is subject to the Local Budget Act, the Board is in the process of preparing and adopting a budget to present a complete financial plan for the general fund for the year ending December 31, 2001.

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 2000.

00-2 Recommendation - We recommend the Board consider having other personnel involved in the accounting function, although to employ such controls may not be cost beneficial.

Management's Response - The Board has neither the qualified personnel nor the funds to hire additional personnel to assist in the accounting functions.

Section II - Internal Control and Compliance Material To Federal Awards

The Thirty-Fourth Judicial District Indigent Defender Board did not receive federal awards during the year ended December 31, 2000.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2000.